

CONSUMER ECONOMICS

The Family and Consumer Science academic standards for Consumer Economics support the course description, which can be found at <http://www.doe.in.gov/octe/facs/consumerecon.html>.

Standard 1 PROCESSES

Explain, demonstrate, and integrate processes of thinking, communication, leadership, and management in order to apply family and consumer sciences knowledge and skills.

- ___ CE.1.1 Demonstrate components of critical thinking, creative thinking, and reasoning.
- ___ CE.1.2 Evaluate effective communication processes in school, family, career, and community settings.
- ___ CE.1.3 Demonstrate leadership that encourages participation and respect for the ideas, perspectives, and contributions of group members.
- ___ CE.1.4 Apply management, decision-making, and problem solving processes to accomplish tasks and fulfill responsibilities.
- ___ CE.1.5 Examine the interrelationships among thinking, communication, leadership, and management processes to address family, community, and workplace issues.

Standard 2 INDIVIDUAL AND FAMILY ECONOMIC ROLES

Analyze economic actions and responsibilities of individuals and families in their roles as exchanger, consumer, investor, saver, producer, and citizen.

- ___ CE.2.1 Examine interrelationships among standards, needs, wants, and goals of individuals and families and their economic roles as exchanger, consumer, investor, saver, producer, and citizen.
- ___ CE.2.2 Assess and gain control of economic roles in light of personal standards, wants, needs, and goals.
- ___ CE.2.3 Assess the power of individuals and families to proactively choose how, when and in what ways they develop and exchange their human resources for money, goods, and services.
- ___ CE.2.4 Examine interrelationships of standards, wants, needs, goals, and consumer satisfaction.
- ___ CE.2.5 Analyze activities and institutions used to satisfy the consumer needs and wants of individuals and families.
- ___ CE.2.6 Determine advantages and disadvantages of investing and saving for individuals, families, and society.
- ___ CE.2.7 Examine investment and saving activities, institutions, and alternatives.
- ___ CE.2.8 Investigate resources and activities used by families and individuals as producers to transform human and nonhuman resources into goods and services.
- ___ CE.2.9 Demonstrate responsible citizenship and leadership in allocating individual, family, and community resources.

Standard 3 SCARCITY

Explain that because of scarcity (unlimited wants and limited resources), economics systems must be developed by individuals, families, communities, and societies in order to determine how goods and services will be produced and distributed.

- ___ CE.3.1 Appraise how consumers and producers confront the concepts of scarcity, choice, and opportunity cost.
- ___ CE.3.2 Define each of the productive resources (natural, human, capital) and identify the returns on each for individuals, families, and communities.
- ___ CE.3.3 Identify the characteristics of traditional, market, command, and mixed economies in families,

communities, and societies.

- ___ CE.3.4 Compare, contrast, and examine impacts on individuals, families, and communities as to how the traditional, market, command, and mixed economic systems answer the questions: What to produce? How to produce it? and For whom to produce it?
- ___ CE.3.5 Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth, as applied to individual, family, and community economic roles.
- ___ CE.3.6 Identify and explain how individuals and families practice and are affected by the basic economic goals of freedom, efficiency, equity, security, and growth.
- ___ CE.3.7 Develop and apply a decision-making model to solve economic problems in individual, family, and community settings.

Standard 4

SUPPLY AND DEMAND

Analyze the role that supply and demand, prices, and profits play in determining what individuals, families, businesses, communities, and societies produce and distribute in a market economy.

- ___ CE.4.1 Demonstrate how supply and demand determine equilibrium price and quantity in the product, resource, and financial markets.
- ___ CE.4.2 Predict factors that would cause changes in market supply and demand and their impacts on individuals, families, businesses, and communities.
- ___ CE.4.3 Apply the laws of supply and demand in individual, family, and community situations.
- ___ CE.4.4 Demonstrate how government wage and price controls create shortages and surpluses for individuals, families, communities, and society.
- ___ CE.4.5 Explain the functions of profit in a market economy.
- ___ CE.4.6 Use the concepts of price elasticity of demand and supply to explain and predict changes in quantity as price changes.
- ___ CE.4.7 Explain how consumers ultimately determine what is produced in a market economy (consumer sovereignty).

Standard 5

MARKET STRUCTURE

Describe the organization and role of the firm, analyze the various types of market structures in the United States Economy, and assess their impacts on individuals, families, businesses, communities, and society.

- ___ CE.5.1 Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.
- ___ CE.5.2 Identify the three basic ways that firms finance operations (retained earnings, stock issues, and borrowing), and explain the advantages and disadvantages of each.
- ___ CE.5.3 Explain ways that firms engage in price and non-price competition and how this affects individuals, families, and communities.
- ___ CE.5.4 Identify laws and regulations adopted in the United States to promote competition among firms. Explain how the effects of these laws have sometimes reduced competition and the impacts of this on individuals, families, and communities.
- ___ CE.5.5 Describe the benefits of natural monopolies (economies of scale) and the purposes of government regulation of these monopolies (such as utilities).
- ___ CE.5.6 Define cartels, and explain how cartel collusion affects product price and output.

Standard 6

ROLE OF GOVERNMENT

Examine government roles and actions in a market economy and their effects on individuals, families, businesses, communities, and society.

- ___ CE.6.1 List and explain the basic functions of government in a market economy.
- ___ CE.6.2 Identify categories of goods and services provided by various levels of government and the roles of individuals, families, and communities in selecting, supporting, producing, and using these goods and services.
- ___ CE.6.3 Explain how government responds to positive and negative externalities in the economy.
- ___ CE.6.4 Describe major expense and income categories and their respective proportions of state and federal budgets.
- ___ CE.6.5 Describe different types of taxes including income, sales, property, and social security, and determine whether they are progressive, proportional, or regressive.
- ___ CE.6.6 Assess the impact of specific progressive, proportional, and regressive taxes on individuals, families, and communities with different economic characteristics.
- ___ CE.6.7 Assess current and future impacts of recent trends in the federal budget deficit and the national debt on individuals, families, and the national economy.
- ___ CE.6.8 Appraise recent trends in state and federal spending and taxation, and analyze the cause of recent federal budget deficits.

Standard 7

MONEY AND THE ROLE OF FINANCIAL INSTITUTIONS

Examine the role of money and financial institutions in a market economy and their impacts on individuals, families, businesses, communities, and society.

- ___ CE.7.1 Analyze and explain the basic functions of money for individuals, families, communities, and society.
- ___ CE.7.2 Identify the composition of the money supply in the United States.
- ___ CE.7.3 Explain the role of banks and other financial institutions in the economy of the United States and in the day-to-day activities of individuals, families, and communities.
- ___ CE.7.4 Describe the organization, functions, and impacts of the Federal Reserve System.
- ___ CE.7.5 Demonstrate how banks create money through the principle of fractional reserve banking, and explain the impacts of this practice on individuals, families, and communities.
- ___ CE.7.6 Identify different causes of inflation. Determine who gains and loses by inflation using individual, family, and community examples.
- ___ CE.7.7 Compare and contrast services available to individuals and families from financial institutions (e.g. credit, savings, and investment).

Standard 8

LABOR PRODUCTIVITY

Explain the importance of labor productivity to individuals, families, communities, firms, and nations by explaining how labor productivity affects income, production, costs, and standard of living.

- ___ CE.8.1 Define labor productivity; identify basic factors (technology, education and training, specialization) which affect productivity.
- ___ CE.8.2 Explain how increases in labor productivity improve wages and standards of living for individuals, families, communities, and society.
- ___ CE.8.3 Explain how individual and family decisions to create and purchase new capital goods or to invest in education and training involves a trade-off of fewer consumer goods or services in the present in return for higher future labor productivity.
- ___ CE.8.4 Explain and give individual, family, community, and society examples of economies of scale.

- ___ CE.8.5 Explain ways that employers and employees have worked together to improve business productivity.
- ___ CE.8.6 Compare and contrast labor productivity trends in the United States and other developed countries.
- ___ CE.8.7 Demonstrate how government expenditures, regulations, and tax policy can influence labor productivity.
- ___ CE.8.8 Compare and contrast how market and nonmarket forces (such as union activity, family friendly policies) influence wage rates and labor productivity.

Standard 9

ECONOMIC STABILIZATION

Describe economic stabilization policies, how they impact the economy, and how they influence and are influenced by individuals, families, businesses, communities, and society.

- ___ CE.9.1 Define/explain the following concepts and their interrelationships with the economic roles and activities of individuals, families, and communities: fiscal policy, monetary policy, aggregate supply and demand, unemployment, gross domestic product.
- ___ CE.9.2 Explain the four phases of the business cycle: expansion, peak, contraction, and recession.
- ___ CE.9.3 Explain how the relationship between aggregate supply and aggregate demand is an important determinant of the levels of unemployment and inflation in an economy.
- ___ CE.9.4 Explain how the government uses taxing and spending decision (fiscal policy) to promote price stability, maximum employment, and economic growth.
- ___ CE.9.5 Explain the limitations of using Gross Domestic Product (GDP) to measure economic welfare.
- ___ CE.9.6 Explain how the Federal Reserve uses monetary tools to promote price stability, maximum employment, and economic growth.
- ___ CE.9.7 Explain how monetary policy affects the level of inflation in the economy.

Standard 10

TRADE

Explain why nations trade goods and services and explain the impact of trade on the economies of the nations involved.

- ___ CE.10.1 Define/explain the following concepts, with an emphasis on individual, family, and community applications and impacts: absolute advantage, comparative advantage, quotas, tariffs, exchange rates, balance of payments, balance of trade, trade deficit.
- ___ CE.10.2 Explain the benefits of trade among individuals, families, businesses, communities, regions, and nations.
- ___ CE.10.3 Explain why countries sometimes erect barriers to trade.
- ___ CE.10.4 Summarize the arguments for and against free trade.
- ___ CE.10.5 Explain the difference between balance of trade and balance of payments.
- ___ CE.10.6 Explain fluctuations in currency exchange rates and how these fluctuations affect trade.
- ___ CE.10.7 Describe impacts of trade agreements such as the North Atlantic Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) on individuals, families, communities, and countries.